GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:2603
ANSWERED ON:31.08.2007
NATIONAL INVESTMENT FUND
Lagadapati Shri Rajagopal

Will the Minister of FINANCE be pleased to state:

(a) the criteria evolved for disposal of funds accrued to the National Investment Fund;

(b) whether a part of the fund is to be utilised for social sector schemes;

(c) if so, the details thereof; and

(d) the manner in which remaining funds will be utilised?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (S.S. PALANIMANICKAM)

(a), (b) & (c) The proceeds from disinvestment of Government`s equity in Central Public Sector Enterprises would be channelised into the National Investment Fund (NIF). The corpus of NIF will be of a permanent nature. NIF would be professionally managed to provide sustainable returns to the Government, without depleting the corpus. Selected Public Sector Mutual Funds are to be entrusted with the management of the corpus of NIF. 75% of the annual income of NIF will be used to finance selected social sector schemes, which promote education, health and employment.

(d) The residual 25% of the annual income of NIF will be used to meet the capital investment requirements of profitable and revivable CPSEs that yield adequate returns, in order to enlarge their capital base to finance expansion/diversification